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COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

EXPLANATION OF COMMITTEE ON WAYS AND MEANS AMENDMENT TO H.R. 2950 AND TITLE VII OF H.R. 3566

(THE SURFACE TRANSPORTATION REVENUE ACT OF 1991)

As Approved by the Committee on Ways and Means on October 16, 1991 Together with Dissenting Views

[Together with cost estimates of the Congressional Budget Office]

OCTOBER 17, 1991

Prepared for the use of the Committee on Ways and Means by its Staff

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CONTENTS

	Page
Introduction	1
I. Legislative background	3
II. Summary of committee amendment	4
III. Explanation of committee amendment	5
A. Tax provisions	5
B. Highway trust fund provisions	7
C. Budget compliance provisions	10
IV. Effect of the committee amendment on the budget	11
V. Vote of the committee and other matters to be discussed under House rules	12
A. Vote of the committee	12
B. Other matters	12
VI. Changes in existing law made by the committee amendment	27
VII. Dissenting views	36
Appendix: Statutory language of committee amendment	38

INTRODUCTION

This document [1] provides an explanation of the Committee on Ways and Means amendment to H.R. 2950, providing a revenue title to that bill, as approved by the Committee on October 16, 1991. The committee-approved amendment was incorporated into H.R. 3566, the Intermodal Surface Transportation Infrastructure Act of 1991 (as Title VII). H.R. 3566, introduced on October 16, 1991, includes as Titles I through VI, the amendment in the nature of a substitute to H.R. 2950 that was adopted by the Committee on Public Works and Transportation on October 15, 1991.

This committee explanation is intended to be the equivalent of a committee report explanation of the committee amendment. As such, it provides the legislative history of the amendment.

This committee amendment replaces the prior Committee on Ways and Means amendment to H.R. 2950 (H. Rept. 102–171, Part 2, August 2, 1991).

[1] This document may be cited as follows: Committee on Ways and Means, *Explanation of Committee on Ways and Means Amendment to H.R. 2950 and Title VII of H.R. 3566 Surface Transportation Revenue Act of 1991)* (WMCP:102–23), October 17, 1991

EXPLANATION OF COMMITTEE ON WAYS AND MEANS AMENDMENT TO H.R. 2950, TO PROVIDE A FINANCING TITLE FOR THE BILL

I. Legislative Background

H.R. 2950, as Reported in July 1991

HIGHWAY AND MASS TRANSIT AUTHORIZATIONS

H.R. 2950 (the "Intermodal Surface Transportation Infrastructure Act of 1991") originally was reported by the House Committee on Public Works and Transportation ("Public Works") on July 26, 1991 (H. Rept. 102–171, Part 1). As reported, H.R. 2950 provided authorizations for five years (fiscal years 1992–1996) for highway, transit, and related programs. Prior highway and mass transit authorizations expired on September 30, 1991. The Public Works bill provided a five-year total of Highway Trust Fund ("HTF") highway and transit authorizations of $143.0 billion, comprised of $121.5 billion from the HTF's Highway Account and $21.5 billion from the HTF's Mass Transit Account. The bill, as reported, also provided $10.5 billion in mass transit authorizations from the General Fund, for an aggregate five-year authorization total of $153.5 billion.

HIGHWAY TRUST FUND EXTENSION AND FINANCING

H.R. 2950, as originally reported, was sequentially referred to the Committee on Ways and Means ("Ways and Means") for consideration of a revenue title. Ways and Means approved a committee amendment (the "prior amendment") to H.R. 2950 on July 31, 1991 (H. Rept. 102–171, Part 2, August 2, 1991). The committee amendment extended the current highway-related excise taxes (including the 2.5-cents-per-gallon general fund tax on motor fuels) as well as the taxes on motorboat and small engine fuels and train diesel fuel for three years (through September 30, 1998).

The prior amendment also provided for a 5-cents-per-gallon increase in the highway and motorboat fuels tax rates for the period January 1, 1992, through September 30, 1996, with a transfer to the HTF of the net revenues attributable to this increase. Further, the prior amendment extended authority to spend from the HTF through September 30, 1996, and incorporated the trust fund expenditure purposes included in H.R. 2950 into the Internal Revenue Code (the "Code").

After the committee acted, H.R. 2950 was removed from consideration by the House pending revisions to the authorization levels by Public Works.

Revised Authorization Provisions

On October 15, 1991, Public Works approved a committee amendment ("Public Works Amendment") in the nature of a substitute to H.R. 2950, as originally reported. The Public Works amendment authorizes highway and mass transit expenditures for six years (rather than five years as originally proposed), and sets lower authorization levels for each of the years in the five-year "budget window," as compared to H.R. 2950 as originally reported. The Public Works amendment authorizes a total of $151 billion for highway and mass transit programs over the 6-year period (FY 1992–1997), including $119 billion in highway projects and $32 billion in mass transit projects.

Ways and Means was asked to provide a revenue title with an extension through September 30, 1999, of the excise taxes which are now deposited in the HTF in order to provide a revenue source for the reformulated HTF authorization provisions.

II. Summary of Committee Amendment

On October 16, 1991, the Committee on Ways and Means ("Ways and Means") approved a revised committee amendment to H.R. 2950 to provide financing for the revised highway and transit authorization provisions approved by the Committee on Public Works and Transportation ("Public Works") on October 15, 1991. The revised Public Works provisions authorize Highway Trust Fund expenditures for six years, October 1, 1992 through September 30, 1997.

The Ways and Means amendment adds a new Title VII to H.R. 2950. The following is an overview of the amendment.

Extension of highway excise taxes

The expiration date of the excise taxes that currently are deposited in the Highway Trust Fund and the Aquatic Resources Trust Fund is extended for four years, from September 30, 1995, until September 30, 1999. [2] These taxes are (1) 11.5 cents per gallon of the gasoline and special motor fuels taxes, (2) 17.5 cents of the diesel fuel tax, (3) the taxes on the sale of heavy trucks and trailers and heavy vehicle tires, and (4) the annual heavy vehicle highway use tax.

The 2.5-cents-per-gallon deficit reduction rate imposed in 1990 on highway and rail motor fuels use is *not* extended, and is scheduled to expire after September 30, 1995. Thus, for example, the gasoline tax rate (exclusive of the Leaking Underground Storage Tank Trust Fund rate) will remain at 14 cents per gallon through September 30, 1995, and then will be 11.5 cents per gallon from October 1, 1995 through September 30, 1995, and then will be 11.5 cents per gallon from October 1, 1995 through September 30, 1999.

All present-law exemptions from these taxes are retained without modification.

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[2] This 1999 expiration date reflects the fact that Highway Trust Fund taxes must be in effect for at least two years beyond authorizations because of anti-deficit restrictions that otherwise would preclude full funding of the programs during the last two years covered by any authorization bill.

Extension of trust fund provisions

The period during which gross revenue from all of these taxes will be deposited in the Highway Trust Fund is extended through September 30, 1999.

Authority to spend from the Highway Trust Fund is extended through September 30, 1997, to conform to the period for which Public Works has approved trust fund authorizations.

The trust fund provisions of the Internal Revenue Code are updated to include authorized highway and mass transit purposes, as of the date of the bill's enactment.

Conforming amendments are made to allow continued transfer and expenditure of the motor fuels revenues that currently fund the Aquatic Resources Trust Fund and the Land and Water Conservation Fund.

Anti-sequester protection

To eliminate the possibility that H.R. 2950 will generate a pay-as-you-go sequester if it is enacted after the FY 1992 transportation appropriations bill, the committee amendment requires the Secretary of Transportation to reduce proportionately the bill's FY 1992 obligations to the extent necessary to eliminate any excess outlays over outlays generated by the appropriations bill. (An identical anti-sequester protection is included in the revised Public Works' authorization provisions.)

III. Explanation of Committee Amendment

A. Tax Provisions

(SECS. 702(a), (b), (c) and (d) of the bill and secs. 4041, 4051, 4071, 4081, 4091, 4221, 4481–4483, 6156, 6412, 6420, 6421, 6427, and 9503 of the Code)

HIGHWAY-RELATED EXCISE TAXES

Tax rates

Excise taxes are imposed on gasoline and diesel and special motor fuels, certain heavy trucks and truck trailers, heavy tires, and the use of heavy highway vehicles (the "HTF taxes"). (See below for a table of the present HTF excise tax rates and for the amounts transferred to the HTF.)

The HTF taxes were extended through September 30, 1995, in the Omnibus Budget Reconciliation Act of 1990 (the "1990 Act"). The 1990 Act also increased the highway and motorboat fuels tax rates by five cents per gallon and imposed a new tax of 2.5 cents per gallon on diesel fuel used in trains (through September 30, 1995).

The following table shows the current HTF taxes and rates:

Tax	Tax rate (through September 30, 1995)
Motor fuels: [3]	
Gasoline and special motor fuels (including gasoline used in motorboats).	14 cents per gallon (11.5 cents per gallon is transferred to the HTF) [4]
Diesel fuel	20 cents per gallon (17.5 cents per gallon is transferred to the HTF)
Trucks and trailers:	
Trucks (over 33,000 lbs. and trailers (over 26,000 lbs.	12 percent of retail price
Tires for highway vehicles	40 lbs. or less—no tax
	40–70 lbs.—15 cents/lb. over 40 lbs.
	70–90 lbs.—$4.50, plus 30 cents/lb. over 70 lbs.
	Over 90 lbs.—$10.50, plus 50 cents/lb. over 90 lbs.
Annual use tax on heavy highway vehicles	Under 55,000 lbs.—no tax
	55,000–75,000 lbs.—$100, plus $22/1,000 lbs. over 55,000 lbs.
	Over 75,000 lbs.—$550

[3] Motor fuels also are subject to a separate tax of 0.1 cent per gallon through December 31, 1995, to fund the Leaking Underground Storage Tank Trust Fund.

[4] 11.5 cents per gallon of the tax attributable to gasoline used in motorboats and certain small engines is transferred from the HTF to the Aquatic Resources Trust Fund (the "Aquatic Fund"), through September 30, 1995. There are two separate accounts in this Trust Fund: the Boat Safety Account and the Sport Fishing Account.

Amounts transferred to the Boat Safety Account of the Aquatic Fund are available for expenditure through March 31, 1994. No comparable expenditure sunset is provided for the Sport Fishing Account of that Fund. Amounts in the Sport Fishing Account are permanently appropriated as annual grants to States for sport fish management projects and for certain wetlands projects. (The Committee on Merchant Marine and Fisheries has requested the Committee on Ways and Means to extend the above-mentioned dates to conform to those provided for HTF expenditure authority.)

Revenues equivalent to 2.5 cents per gallon of the taxes on highway and motorboat fuels are retained in the General Fund; the balance of the highway and motorboat fuels tax revenues is transferred to the HTF.[5] Revenues from the tax on train diesel fuel are retained in the General Fund. All revenues from the non-fuels HTF taxes are transferred to the HTF.

Revenues equivalent to 1.5 cents per gallon of the taxes on highway motor fuels that are transferred to the HTF are credited to the Mass Transit Account of the HTF. The balance of the highway motor fuels tax revenues (and the revenues from the other highway excise taxes) is credited to the HTS's Highway Account.

The HTF taxes, the motorboat fuels tax, and the tax on train diesel fuel currently are scheduled to expire on September 30, 1995. HTF expenditure authority is scheduled to expire on October 1, 1993.

Exemptions

Exemptions generally are provided from the HTF taxes for State and local governments and tax-exempt educational organizations. The highway motor fuels taxes also do not apply to fuels used in off-highway business uses (e.g., farming) or in local or school buses. The diesel fuel tax does not apply to motorboat use.

[5] Revenues from the taxes imposed on motorboat and small engine fuels are then transferred from the HTF to the Aquatic Fund.

Intercity buses are exempt from all but three cents per gallon of the HTF motor fuels taxes. A series of partial exemptions apply to alcohol fuels and fuels mixtures. The most widely used of these is a 5.4-cents-per-gallon exemption for "gasohol," a mixture of gasoline and at least 10-percent ethanol.

REASONS FOR CHANGE

An extension of the HTF taxes through September 30, 1999, is necessary to fund the highway and mass transit obligations of the United States that are authorized from the HTF (Highway and Mass Transit Accounts) in the Public Works amendment to H.R. 2950 (as approved by Public Works on October 15, 1991). Funding these highway and mass transit obligations is critical to building and rehabilitating highways, bridges, and mass transit facilities in the United States and to improving transportation safety.

EXPLANATION OF PROVISIONS

Extension of HTF taxes and taxes on motorboat and small engine fuels

The bill extends the expiration date of the current HTF taxes and the trust fund taxes on motorboat and small engine fuels from September 30, 1995, through September 30, 1999. Thus, for example, the gasoline tax rate (exclusive of the Leaking Underground Storage Tank Trust Fund rate) will remain 14 cents per gallon through September 30, 1995, and would be 11.5 cents per gallon from October 1, 1995 through September 30, 1999.[6]

Transfers of revenues to HTF

The bill extends the termination date for transfers into the HTF of gross revenues equivalent to the taxes currently deposited in that fund through September 30, 1999.

EFFECTIVE DATE

The tax provisions of the bill are effective on the date of enactment.

B. Highway Trust Fund Provisions

(Secs. 702(d), (e), (f), (g) and (h) of the bill and sec. 9503 of the Code)

PRESENT LAW

Revenues transferred to the Highway Trust Fund

As indicated above (II.A.), gross revenues from the current highway-related excise taxes are transferred to the HTF,[7] except for the 2.5 cents per gallon deficit reduction (General Fund) tax for motor fuels. Of the highway motor fuels tax revenues retained in the HTF, 1.5 cents per gallon equivalent is credited to the Mass

[6] Off-highway business use (e.g., farming) will continue to be fully exempt from these taxes. Partial exemptions (e.g., gasohol and intercity buses) will continue at their present cents-per-gallon reductions.

[7] This includes initially the 11.5-cents-per-gallon trust fund taxes on motorboat fuels and gasoline used in small engines, which are subsequently transferred to the Aquatic Fund.

Transit Account, and the balance (minus refunds) of such highway motor fuels taxes is credited to the Highway Account.

Highway Trust Fund expenditure purposes

Highway Account

The Internal Revenue Code ("the Code") provides that amounts in the HTF are available through September 30, 1993, as provided in appropriation acts, for meeting obligations incurred which are authorized to be paid out of the HTF under (1) the Highway Revenue Act of 1956, (2) Title I or II of the Surface Transportation Assistance Act of 1982 (the "1982 Act"), (3) the Surface Transportation and Uniform Relocation Act of 1987 (the "1987 Act"), or (4) after 1987, amounts for a general purpose authorized under these Acts as in effect on the date of enactment of the 1987 Act. The 1982 Act established a Highway Account and a Mass Transit Account (see below) in the HTF.

The present-law expenditure purposes for the Highway Account include the following highway-related programs:

Interstate highways and resurfacing and repair;

Federal-aid highways, including primary and secondary systems and urban systems;

Forest and public lands highways, scenic highways, parkways, Indian reservation roads;

Bridge replacement and rehabilitation;

Emergency (disaster) relief;

Highway safety research and development;

Highway-related safety grants;

Motor carrier safety grants;

Traffic control demonstration grants;

Highway hazard elimination projects;

Rail crossings and demonstration projects;

Traffic control signal demonstration projects;

Urban system public transportation projects (bus and rail transit facilities on a Federal-aid urban system);

Fringe and corridor parking facilities;

Carpool and vanpool grants;

Bicycle ways and pedestrian walkways;

National Highway Traffic Safety Administration (NHTSA) traffic safety programs;

Certain administrative costs of Federal Highway Administration and NHTSA;

University transportation research centers; and

Highway beautification projects.

Mass Transit Account

The Code provides that amounts in the Mass Transit Account of the HTF are available through September 30, 1993, as provided in appropriation acts, for making capital expenditures (including new projects) under section 21(a)(2) of the Urban Mass Transportation Act of 1964 ("UMTA").

UMTA section 21(a)(2) authorizes Mass Transit Account expenditures to carry out UMTA section 3 (construction and purchase of facilities and rolling stock, including buses and bus facilities), sec-

tion 4(i) (deployment of innovative techniques and methodologies in the management and operation of public transportation services), section 8 (planning and technical studies), and section 16(b) (mass transit grants to assist needs of the elderly and handicapped).

UMTA section 21(b) authorizes additional Mass Transit Account amounts to carry out UMTA sections 3 (as noted above) and 9B (mass transit account block grants for construction projects, including capital maintenance items).

Highway Trust Fund anti-deficit provisions

HTF taxes generally have been extended for two years beyond the then-current authorization period. This is due to the lead time required between the time a project is authorized or obligated and the time money is needed to pay for it. Also, the so-called "Byrd Amendment" requires that highway apportionments be reduced proportionately if unfunded Highway Account authorizations exceed estimated HTF receipts (including interest, minus transfers) in the following 24-month period. Unfunded Mass Transit Account authorizations may not exceed estimated Mass Transit Account receipts in the following 12-month period.

REASONS FOR CHANGE

The committee believes that the expenditure purposes for the HTF (Highway Account and Mass Transit Account) should be updated to include the purposes for which authorizations are provided under the Intermodal Surface Transportation Infrastructure Act of 1991 ("1991 Act"), as amended by the Committee on Public Works and Transportation. With respect to the Mass Transit Account of the HTF, the committee believes that trust fund amounts should be expended only for capital or capital-related purposes.

EXPLANATION OF PROVISION

HTF expenditure authority and transfers from HTF

The bill extends the authority to spend from the HTF (both the Highway Account and the Mass Transit Account) and the authority to transfer funds from the HTF to the Aquatic Fund through September 30, 1997. Further, the bill extends the expenditure authority from the Aquatic Fund's Boat Safety Account through April 1, 1998.

HTF purposes generally

The bill amends the HTF Code provisions to authorize expenditures from the HTF for purposes included in the Intermodal Surface Transportation Infrastructure Act of 1991, as well as the previously referenced authorization acts. The bill further provides that HTF purposes include only those purposes specifically provided in the Acts referenced in the Code (as in effect on the date of enactment of the 1991 Act).

Highway-related tax enforcement

One of the specific Highway Account expenditure purposes authorized under section 144 of the 1991 Act is the use of HTF revenues for motor fuels and other highway use tax enforcement. Sec-

tion 144 also authorizes a Treasury Department study of the feasibility and desirability of the use of dye and markers to aid in motor fuels tax enforcement activities. Under section 144, the Secretary of Transportation is to appoint an Advisory Committee (with representatives of the Federal Highway Administration, the Internal Revenue Service, and States) to prepare a plan to carry out and coordinate the highway tax enforcement projects.

The bill provides that the Secretary of Transportation may not impose any condition on the use of such funds made available to the Internal Revenue Service, and that the Secretary of the Treasury shall submit a report at least 60 days before the beginning of any applicable fiscal year (other than fiscal year 1992, which has already started) to the House Committee on Ways and Means and the Senate Committee on Finance detailing the increased motor fuels enforcement activities to be financed with such funds.

The bill also provides that any DOT reports on motor fuels and other highway use tax enforcement activities are to be submitted to the Ways and Means and Finance Committees, as well as to the other committees listed in section 144 of the bill.

Mass Transit Account purposes

The bill clarifies that the Mass Transit Account monies are to be available for "capital-related" purposes under UMTA (secs. 21(a)(2), (b), (c), (g)(2), (h), or (j)(1) of UMTA, as amended and in effect under the 1991 Act). For example, this includes capital-related maintenance expenditures, planning, research and development, technical assistance and training, and research on future public transit needs; however, it does not include operating subsidies or costs relating to the salaries of transit operating personnel.

EFFECTIVE DATE

The changes to the HTF expenditure purposes are effective on the date of the bill's enactment.

C. Budget Compliance Provisions

(Sec. 703 of the bill)

PRESENT LAW

The 1990 Budget Act established new budget scorekeeping rules for legislation with budgetary consequences. The Act subjects discretionary spending for 1991 through 1995 to specified dollar maximums ("discretionary caps"). Increases in discretionary spending in excess of these caps may not be offset by higher taxes or fees under the new budget rules, but rather must be offset by lower discretionary spending in other programs subject to the same cap. If discretionary spending increases are not offset, a sequester (automatic across-the-board reductions) in programs subject to the caps will occur.

Under the 1990 Act, direct spending (entitlements and other mandatory spending) may be increased only if the increase is offset for each fiscal year by lower direct spending elsewhere or by higher taxes or fees (i.e., "pay-as-you-go"). If direct spending in-

creases are not offset in the pay-as-you-go accounts, a sequester in these accounts will occur at the end of the fiscal year.

Historically, spending for highway and transit programs has been classified as discretionary spending. Consequently, an increase in highway spending typically would be counted against the discretionary caps. However, if the highway and transit obligations contained in the bill are enacted after the FY 1992 transportation appropriations bill, and exceed the obligations in the appropriations bill, it would result in outlays that exceeded the outlays from the appropriations bill. These excess outlays would be considered a direct spending increase.

REASONS FOR CHANGE

At the time that Ways and Means considered the revised revenue title to the bill, final cost estimates of the total spending contained in the Public Works amendment to H.R. 2950 were not available. Moreover, this bill is likely to be enacted after the FY 1992 transportation appropriations bill. Because the bill includes no offset to any direct spending increase, it is necessary to prevent any such spending increase from occurring. As a safeguard against a possible sequester, the committee adopted a provision requiring that the Secretary of Transportation proportionately reduce FY 1992 obligations for programs pursuant to this Act to the extent necessary to prevent outlays from this bill from exceeding outlays under the FY 1992 transportation appropriations bill.

EXPLANATION OF PROVISIONS

The committee amendment provides that notwithstanding any other provision of the bill, no new direct spending will be created by the bill. This is accomplished by requiring a proportional reduction in obligations for FY 1992 under the bill in the event that outlays pursuant to the FY 1992 obligations under the bill exceed those contained in appropriations bills for FY 1991.

IV. Effect of the Committee Amendment on the Budget

In compliance with clause 7 of rule XIII of the Rules of the House of Representatives, the following table shows the effect on the budget of the committee amendment (Title VII) to the bill, H.R. 2950.

ESTIMATED REVENUE EFFECT OF COMMITTEE AMENDMENT TO H.R. 2950 (TITLE VII) AS REPORTED BY THE COMMITTEE ON WAYS AND MEANS

[Fiscal years; in millions of dollars]

Item	1992	1993	1994	1995	1996	1992–96
Extension of current Highway Transit Fund (HTF) excise taxes (Oct. 1, 1995 to Sept. 30, 1999)[1]						
Net effect on budget receipts						

[1] Extension of existing HTF excise taxes at current rates is assumed in the budget baseline by the Congressional Budget Office.

V. Vote of the Committee and Other Matters To Be Discussed Under House Rules

A. VOTE OF THE COMMITTEE

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made about the vote of the Committee on Ways and Means on the motion to report the bill, H.R. 2950, as amended. The committee amendment was ordered favorably reported by voice vote.

B. OTHER MATTERS

In compliance with clause 2(l)(3) and 2(l)(4) of rule XI of the Rules of the House of Representatives, the following statements are made with respect to the Committee on Ways and Means action on the committee amendment to H.R. 2950.

Oversight Findings

With respect to subdivision (A) of clause 2(l)(3) (relating to oversight findings), the committee advises that it was as a result of the committee's oversight activities with respect to financing of the Highway Trust Fund and the Aquatic Resources Trust Fund that the committee concluded that it is appropriate to enact the provisions contained in the committee amendment.

Tax Expenditures

With respect to subdivision (B) of clause 2(l)(3), after consultation with the Congressional Budget Office, the committee states that the changes made to existing law by the committee amendment involve no new increased tax expenditures.

Budget Authority

With respect to subdivision (B) of clause 2(l)(3), relating to budget authority, see statement of the Congressional Budget Office below.

Congressional Budget Office Estimates

With respect to subdivision (C) of clause 2(l)(3), the committee advises that the Congressional Budget Office has examined the committee's budget estimates relating to the committee amendment to the bill (as indicated in Part III), and submitted the following statement:

CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Robert D. Reischauer
Director

October 16, 1991

Honorable Dan Rostenkowski
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for an amendment in the nature of a substitute to H.R. 2950, the Intermodal Surface Transportation Infrastructure Act of 1991, as agreed to by the House Committee on Public Works and Transportation on October 15, 1991 and the House Committee on Ways and Means on October 16, 1991.

H.R. 2950 would not affect direct spending as defined by section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 and, therefore, the spending provisions would have no pay-as-you-go implications under section 252 of that act, if measured against current law.

If the 1992 Department of Transportation appropriations act (H.R. 2942) is enacted before H.R. 2950, this bill could affect direct spending. Nevertheless, it could not increase outlays above the level in the appropriations act.

However, H.R. 2950 could affect receipts and thus would be subject to pay-as-you-go procedures even though the bill would have no budgetary impact measured relative to the CBO revenue baseline. As a result, the estimate required by clause 8 of House Rule XXI is also enclosed.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

Robert D. Reischauer

Enclosure

cc: Honorable Bill Archer
Ranking Minority Member

CONGRESSIONAL BUDGET OFFICE

COST ESTIMATE

October 16, 1991

1. BILL NUMBER: H.R. 2950

2. BILL TITLE:

The Intermodal Surface Transportation Infrastructure Act of 1991

3. BILL STATUS:

An amendment in the nature of a substitute to H.R. 2950, as agreed to by the House Committee on Public Works and Transportation on October 15, 1991 and by the House Committee on Ways and Means on October 16, 1991.

4. BILL PURPOSE:

H.R. 2950 would authorize federal highway and transit programs for fiscal years 1992 through 1997. The bill would provide $115.6 billion in additional budget authority (in the form of contract authority) for federal-aid highways programs over these years--beginning with $15.2 billion in fiscal year 1992 and increasing to $20.0 billion in fiscal year 1997. The bill also would provide budget authority of $18.6 billion for transit programs and $1.8 billion for highway safety, motor carrier, research and intermodal programs over the 1992-1997 period. For various other transportation programs, H.R. 2950 would authorize appropriations of $14.4 billion over the six-year period--mostly for mass transit programs.

Title I of H.R. 2950 would replace most of the existing federal-aid highway programs with new programs, including the national highway system, urban and rural mobility systems, a combined highway safety improvement program and a state flexible program. The national highway system would consist of the existing interstate system and additional principal arterial routes. The state flexible program would provide funds that could be used for a wide range of highway or mass transit purposes. In addition, the bill would extend the interstate construction program through 1996 by providing budget authority of $1.8 billion in fiscal year 1992 and $8.1 billion over the fiscal years 1992 through 1996. Under current law, the final funding for this program--$1.4 billion--would be in fiscal year 1992.

Title II would provide budget authority of $11.8 billion over six years for mass transit discretionary grants. Further, the bill would specify those fixed guideway projects that would be funded under this program. For transit formula grants, the bill would provide budget authority of $5.8 billion over six years and authorize appropriations of $12.9 billion over the same period. Rural areas would receive 5 percent of the formula grant funds. The bill would provide contract authority of $0.9 billion over the six years for other transit programs.

Title VII of H.R. 2950 would authorize highway taxes through fiscal year 1999. Under current law, highway taxes are scheduled to expire after September 30, 1995. The bill would extend the current law highway taxes that are deposited into the Highway Trust Fund through September 30, 1999, but would not extend the 2.5-cent per gallon deficit reduction tax rate on motor fuels. These provisions do not affect net revenues in fiscal years 1992 to 1996 measured relative to the CBO baseline and, therefore, they have no budgetary effect.

5. ESTIMATED COST TO THE FEDERAL GOVERNMENT:

(by fiscal year, in millions of dollars)

	1992	1993	1994	1995	1996
BUDGET AUTHORITY AND REVENUES[a]					
Net Additional Budget Authority	17,284	23,356	23,508	23,421	23,330
Plus: Existing Budget Authority	1,500	100	100	100	100
Total Budget Authority	18,784	23,456	23,608	23,521	23,430
Estimated Revenues	0	0	0	0	0
AUTHORIZATION OF APPROPRIATIONS					
Authorization Level	2,779	2,404	2,144	2,243	2,343
Estimated Outlays	3,894	14,616	19,650	22,002	23,527
TOTAL					
Budget Authority/Authorizations					
Additional Authority	20,063	25,761	25,653	25,665	25,674
Total Authority	21,563	25,861	25,753	25,765	25,774
Estimated Outlays	3,894	14,616	19,650	22,002	23,527
Estimated Revenues	0	0	0	0	0

a. Contract authority not subject to appropriations.

The costs of this bill fall within budget function 400.

More detailed cost information is provided on the attached tables (1 through 6). Total outlays for programs authorized by this bill, including outlays from previous years' appropriations, would grow from $20.0 billion in 1992 to $25.3 billion in 1996 and $26.0 billion in 1997.

Basis of Estimate:

Budget Authority. The budget authority equals the contract authority provided in this bill. To estimate outlays, we assumed that obligation limitations customarily established in appropriations acts would equal those included in the bill. In the case of programs for which the bill included no obligation limitations, we assumed that limitations would equal the contract authority. Because the outlays are subject to such limitations and to liquidating appropriations, they are considered discretionary and so are included under authorizations in the above table.

Authorizations. For those programs subject to appropriations, CBO assumed that the full amounts authorized for each year would be appropriated prior to the start of the fiscal year. Outlay estimates are based on historical spending rates.

Revenues. This cost estimate measures the revenue effects of this bill relative to the CBO baseline. Under current law, highway taxes are scheduled to expire after September 30, 1995. Under baseline assumptions, which are used by CBO and the Joint Committee on Taxation, excise taxes that are dedicated to trust funds are extended past their expiration date. Therefore, the CBO baseline assumes extension of all highway taxes at their current rates past their expiration date of September 30, 1995, with the exception of the 2.5-cent per gallon deficit reduction tax rate on motor fuels, which is assumed to expire on schedule. Hence, this bill has no revenue effect measured relative to the CBO baseline.

6. PAY-AS-YOU-GO CONSIDERATIONS:

The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. H.R. 2950 could affect receipts and thus would be subject to pay-as-you-go procedures even though the bill would have no budgetary effect measured relative to the CBO revenue baseline.

While H.R. 2950 provides budget authority for ground transportation programs in the form of contract authority, the outlays for these programs are considered discretionary because they are subject to obligation limitations and liquidating appropriations usually included in appropriations acts. CBO estimates, therefore, that enactment of H.R. 2950, when measured against current law at this time, would not affect direct spending for pay-as-you-go purposes as defined in section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Some of these outlays could be subject to pay-as-you-go procedures, however, if this bill is enacted after the 1992 Department of Transportation appropriations act, and if it were to set obligations below those provided in the enacted appropriations act. (H.R. 2950 includes a provision that would limit 1992 obligations to no more than those provided in the appropriations act.) The conference agreement for H.R. 2942--an act making appropriations for the Department of Transportation and related agencies for fiscal year 1992--has been approved by the House and is pending in the Senate. The estimated obligational authority provided by H.R. 2950 would be $51 million less than that attributed by CBO to the appropriations act for the relevant programs. As a result, should H.R. 2950 be the later bill

enacted, it would result in savings under pay-as-you-go procedures of $9 million in fiscal year 1992 and $45 million over the 1992-1995 period.

(by fiscal year, in millions of dollars)

	1992	1993	1994	1995
Change in Outlays		Not applicable		
Change in Receipts	0	0	0	0

7. ESTIMATED COST TO STATE AND LOCAL GOVERNMENTS:

Most of the funding provided by this bill is in the form of grants to state and local governments. Several provisions would affect the allocation of funds among the states and alter cost-sharing arrangements for some types of projects. States would be allowed to use federal-aid highways funds on a much greater range of projects, including mass transit projects.

H.R. 2950 would repeal the existing prohibition against the use of federal highway funds on toll roads. Under conditions established by the bill, states could use federal funds to pay for up to 35 percent of the cost to build new toll facilities.

8. ESTIMATE COMPARISON: None.

9. PREVIOUS CBO ESTIMATE:

CBO has previously prepared cost estimates for S. 965, as ordered reported by the Senate Committee on Environment and Public Works, which authorized federal highway programs for fiscal years 1992 through 1996, and S. 1194, as ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs, which authorized federal transit programs for the same period. These estimates were transmitted on May 30, 1991, and June 10, 1991, respectively. CBO's estimates of the cost of these bills reflected the levels of contract authority and authorizations they provided--$20.6 billion for the highway bill and $4.7 billion for the transit bill--which differ from those in H.R. 2950.

CBO has also previously prepared cost estimates of earlier versions of H.R. 2950, as ordered reported by the House Committee on Public Works and Transportation and the House Committee on Ways and Means. These estimates were transmitted on July 30, 1991, and August 1, 1991, respectively. CBO's estimates of those versions of this bill reflected the levels of contract authority and authorizations provided--$151 billion over the 1992-1996 period. The version of this bill previously ordered reported by the Committee on Ways and Means also included an increase in fuel tax rates beginning in fiscal year 1992, so our estimate for that bill included increased federal revenues.

CBO also prepared a cost estimate of an amendment in the nature of a substitute to H.R. 2950 as agreed to by the House Committee on Public Works and Transportation on October 15, 1991. That version of the bill did not include any provisions affecting revenues. That estimate was transmitted on October 16, 1991.

10. ESTIMATE PREPARED BY: Marjorie Miller (226-2860) and Linda Radey (226-2693).

11. ESTIMATE APPROVED BY:

Rosemary D. Marcuss
Assistant Director
for Tax Analysis

Congressional Budget Office Estimate[a]

The applicable cost estimate of this act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be as follows:

(by fiscal year, in millions of dollars)

	1992	1993	1994	1995
Change in outlays		Not Applicable[b]		
Change in receipts	0	0	0	0

a. An estimate of an amendment in the nature of a substitute to H.R. 2950 as agreed to by the House Committee on Public Works and Transportation on October 15, 1991 and by the House Committee on Ways and Means on October 16, 1991. This estimate was transmitted by the Congressional Budget Office on October 16, 1991.

b. This estimate is relative to current law. If the 1992 Department of Transportation appropriations act is enacted before H.R. 2950, this bill could affect direct spending. However, it could not increase outlays above the level in the appropriations act.

TABLE 1. FEDERAL-AID HIGHWAY AUTHORIZATIONS (TITLE I)
(by fiscal year, in millions of dollars)

	1992	1993	1994	1995	1996	1997	CUMULATIVE
BUDGET AUTHORITY							
State Flexible Program	1,774	2,137	2,121	2,144	2,375	2,521	13,072
National Highway System	5,113	6,158	6,115	6,180	6,847	7,265	37,679
Urban Mobility System	1,774	2,137	2,121	2,144	2,375	2,521	13,072
Rural Mobility System	1,356	1,634	1,622	1,640	1,817	1,928	9,997
Combined Highway Safety Improvement Program	417	503	499	505	559	593	3,076
Bridge Program	2,107	2,566	2,566	2,630	2,900	2,956	15,677
Interstate Construction a/	400	1,800	1,800	1,800	900	---	6,700
Interstate Substitute	240	240	240	240	---	---	960
Indian Reservations	148	176	176	176	176	176	1,028
Forest Highways	38	46	46	46	46	46	268
Public Lands Highways	28	33	33	33	33	33	193
Parkways and Park Highways	42	50	50	50	50	50	292
Hold Harmless	97	68	68	67	60	55	415
Minimum Allocation b/	1,121	1,316	1,416	1,307	952	760	6,872
Other Programs – Under the Obligation Ceiling	158	186	186	176	176	176	1,058
Other Programs – Exempt from Obligation Ceiling	413	966	966	966	966	966	5,245
Net Additional Budget Authority	15,226	20,047	20,047	20,104	20,132	20,046	115,604
Plus Existing Budget Authority	1,500	100	100	100	100	100	2,000
Total Budget Authority	16,726	20,147	20,147	20,204	20,232	20,146	117,604
Obligation Ceiling	16,800	17,800	17,900	18,000	18,400	18,500	107,400
Estimated Outlays: c/							
Total Outlays d/	15,950	17,496	18,970	19,743	19,978	20,293	
Outlays from the New Program	2,963	12,568	16,522	17,968	18,738	19,493	

NOTE: Details may not add to totals because of rounding.

a. S. 1204 would provide $1,800 million in new 1992 contract authority for interstate construction, and would repeal $1,400 million in existing 1992 contract authority.

b. The Surface Transportation and Uniform Relocation Assistance Act of 1987 (P.L. 100-27) authorized such sums as may be necessary for each fiscal year after 1982. Estimates are based on information provided by the Department of Transportation.

c. Obligation ceilings, which control outlays, are subject to change through appropriations acts, so these outlays are considered part of discretionary spending.

d. Includes outlays from authority available before fiscal year 1992, and emergency relief, which is authorized in current law for all these years.

TABLE 2. OTHER HIGHWAY PROGRAMS (TITLE I)
(by fiscal year, in millions of dollars)

	1992	1993	1994	1995	1996	1997	CUMULATIVE
BUDGET AUTHORITY							
FHWA Highway-Related Safety Grants a/	28	34	34	34	34	34	198
AUTHORIZATIONS							
Highway Safety Research and Development	7	8	8	8	8	8	47
Miscellaneous Highway Projects	317	---	---	---	---	---	317
Total Authorizations	324	8	8	8	8	8	364
Estimated Outlays							
Total Outlays b/	70	186	77	52	49	47	
Outlays from the New Program	57	179	73	50	48	47	
TOTAL							
Budget Authority/ Authorizations	352	42	42	42	42	42	562
Estimated Outlays							
Total Outlays b/	70	186	77	52	49	47	
Outlays from the New Program	57	179	73	50	48	47	

a. Because outlays for this program are controlled by obligation limitations customarily established in appropriations acts, they are considered part of of discretionary spending and shown under the authorization heading below.

b. Includes outlays from authority available before fiscal year 1992.

Table 3. HIGHWAY SAFETY (TITLE II)
(By fiscal year, in millions of dollars)

	1992	1993	1994	1995	1996	1997	CUMULATIVE
BUDGET AUTHORITY							
Highway Traffic Safety Grants	121	190	190	190	188	188	1,027
Alcohol Traffic Safety Incentive Grants	14	---	---	---	---	---	14
Grants to States Requiring Use of Safety Belts and Motorcycle Helmets	18	---	---	---	---	---	18
Total Budget Authority a/	153	190	190	190	188	188	1,059
AUTHORIZATIONS							
Highway Safety Research and Developmer	25	30	30	30	30	30	175
Drug Recognition Expert Training Program	5	---	---	---	---	---	5
National Driver Register Act	4	---	---	---	---	---	4
Total Authorizations	34	30	30	30	30	30	184
Estimated Outlays							
Total Outlays b/	161	184	206	213	211	203	
Outlays from the New Program	69	148	190	213	211	203	
TOTAL							
Budget Authority/ Authorizations	187	220	220	220	198	198	1,243
Estimated Outlays							
Total Outlays b/	161	184	206	213	211	203	
Outlays from the New Program	69	148	190	213	211	203	

a. Because outlays for these programs are controlled by obligation limitations customarily established in appropriations acts, they are considered part of of discretionary spending and shown under the authorization heading below.

b. Includes outlays from authority available before fiscal year 1992.

Table 4. FEDERAL TRANSIT ACT OF 1991 (TITLE III)
(By fiscal year, in millions of dollars)

	1992	1993	1994	1995	1996	1997	CUMULATIVE
BUDGET AUTHORITY							
Urban Formula Grants	580	855	955	855	755	1,830	5,810
Section 3 Discretionary Grants	1,165	1,980	1,980	1,980	1,980	2,760	11,845
Other Transit Programs	75	165	165	165	165	210	945
Univ. Transp. Centers, FHWA	5	6	6	6	6	6	35
Total Budget Authority a/	1,805	3,006	3,106	3,006	2,906	4,806	18,635
AUTHORIZATIONS							
Urban and Rural Formula Grants	2,130	2,125	2,025	2,125	2,225	2,305	12,935
Substitute Mass Transit Projects	160	160	---	---	---	---	320
Elderly and Handicapped Programs	20	25	25	25	25	35	155
UMTA Administration	50	50	50	50	50	60	310
Total Authorizations	2,360	2,360	2,100	2,200	2,300	2,400	13,720
Estimated Outlays							
Total Outlays b/	3,651	3,790	4,188	4,668	5,003	5,317	
Outlays from the New Program	734	1,841	2,760	3,653	4,435	5,042	
TOTAL							
Budget Authority/ Authorizations	4,165	5,366	5,206	5,206	5,206	7,206	32,355
Estimated Outlays							
Total Outlays b/	3,651	3,790	4,188	4,668	5,003	5,317	
Outlays from the New Program	734	1,841	2,760	3,653	4,435	5,042	

a. Because outlays for these programs are controlled by obligation limitations customarily established in appropriations acts, they are considered part of of discretionary spending and shown under the authorization heading below.

b. Includes outlays from authority available before fiscal year 1992.

Table 5. MOTOR CARRIER ACT OF 1991 (TITLE IV)
(By fiscal year, in millions of dollars)

	1992	1993	1994	1995	1996	1997	CUMULATIVE
BUDGET AUTHORITY							
Motor Carrier Safety Assistance Program	65	79	131	87	90	93	545
Grants to States – International Registration Plan	5	---	---	---	---	---	5
Total Budget Authority a_/	70	79	131	87	90	93	550
AUTHORIZATIONS							
Motor Carrier Safety	49	---	---	---	---	---	49
Working Group – International Registration Plan	1	---	---	---	---	---	1
Study of Longer Combination Vehicles	1	1	1	---	---	---	3
Total Authorizations	51	1	1	0	0	0	53
Estimated Outlays							
Total Outlays b_/	118	81	100	113	90	91	
Outlays from the New Program	68	76	100	113	90	91	
TOTAL							
Budget Authority/ Authorizations	121	80	132	87	90	93	603
Estimated Outlays							
Total Outlays b_/	118	81	100	113	90	91	
Outlays from the New Program	68	76	100	113	90	91	

a. Because outlays for these programs are controlled by obligation limitations customarily established in appropriations acts, they are considered part of of discretionary spending and shown under the authorization heading below.

b. Includes outlays from authority available before fiscal year 1992.

Table 6. RESEARCH (TITLE VI)
(By fiscal year, in millions of dollars)

	1992	1993	1994	1995	1996	1997	CUMULATIVE
BUDGET AUTHORITY							
James and Marlene Howard Transportation Information Center a/	2	---	---	---	---	---	2
AUTHORIZATIONS							
University Research Institutes	5	5	5	5	5	5	32
Bus Testing Facilities	4	---	---	---	---	---	4
Total Authorizations	9	5	5	5	5	5	36
Estimated Outlays	3	5	5	5	5	0	
TOTAL							
Budget Authority/ Authorizations	11	5	5	5	5	5	38
Estimated Outlays	3	5	5	5	5	0	

a. Because outlays for this program are controlled by obligation limitations customarily established in appropriations acts, they are considered part of of discretionary spending and shown under the authorization heading below.

Oversight by Committee on Government Operations

With respect to subdivision (D) of clause 2(l)(3), the committee advises that no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations regarding the subject of the committee amendment.

Inflationary Impact

In compliance with clause 2(l)(4), the committee states that the enactment of the committee amendment is not expected to have any inflationary impact on prices and costs in the operation of the national economy.

VI. Changes in Existing Law Made by the Committee Amendment

For the information of the Members of the House of Representatives, changes made by this Committee to existing law are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1986

* * * * * * *

Subtitle D—Miscellaneous Excise Taxes

* * * * * * *

CHAPTER 31—RETAIL EXCISE TAXES

* * * * * * *

Subchapter B—Special Fuels

* * * * * * *

SEC. 4041. IMPOSITION OF TAX.

(a) * * *

* * * * * * *

(f) Exemption for Farm Use.—

(1) * * *

* * * * * * *

(3) Termination.—Except with respect to the taxes imposed by subsection (d), paragraph (1) shall not apply on and after October 1, [1995] *1999*.

(g) Other Exemptions.—Under regulations prescribed by the Secretary, no tax shall be imposed under this section—

(1) * * *

* * * * * * *

(4) with respect to the sale of any liquid to a nonprofit educational organization for its exclusive use, or with respect to the use by a nonprofit educational organization of any liquid as a fuel.

For purposes of paragraph (4), the term "nonprofit educational organization" means an educational organization described in section 170(b)(1)(A)(ii) which is exempt from income tax under section 501(a). The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from

income tax under section 501(a), if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. Except with respect to the taxes imposed by subsection (d), paragraphs (2) and (4) shall not apply on and after October 1, [1995] *1999.*

* * * * * * *

Subchapter C—Heavy Trucks and Trailers

* * * * * * *

SEC. 4051. IMPOSITION OF TAX ON HEAVY TRUCKS AND TRAILERS SOLD AT RETAIL.

(a) * * *

* * * * * * *

(c) TERMINATION.—On and after October 1, [1995] *1999,* the taxes imposed by this section shall not apply.

* * * * * * *

CHAPTER 32—MANUFACTURERS EXCISE TAXES

* * * * * * *

Subchapter A—Automotive and Related Items

* * * * * * *

PART II—TIRES

* * * * * * *

SEC. 4071. IMPOSITION OF TAX.

(a) * * *

* * * * * * *

(d) TERMINATION.—On and after October 1, [1995] *1999,* the taxes imposed by subsection (a) shall not apply.

* * * * * * *

PART III—PETROLEUM PRODUCTS

* * * * * * *

Subpart A—Gasoline

SEC. 4081. IMPOSITION OF TAX.

(a) * * *

* * * * * * *

(d) TERMINATION.—

(1) HIGHWAY TRUST FUND FINANCING RATE.—On and after October 1, [1995] *1999,* the Highway Trust Fund financing rate under subsection (a)(2) shall not apply.

* * * * * * *

Subpart B—Diesel Fuel and Aviation Fuel

* * * * * * *

SEC. 4091. IMPOSITION OF TAX.

(a) * * *

(b) RATE OF TAX.—

(1) * * *

* * * * * * *

(6) TERMINATION OF RATES.—

(A) The Highway Trust Fund financing rate shall not apply on and after October 1, [1995] *1999.*

* * * * * * *

Subchapter G—Exemptions, Registration, Etc.

* * * * * * *

SEC. 4221. CERTAIN TAX-FREE SALES.

(a) GENERAL RULE.—Under regulations prescribed by the Secretary, no tax shall be imposed under this chapter (other than under section 4121, 4081, or 4091) on the sale by the manufacturer (or under subchapter A or C of chapter 31 on the first retail sale) of an article—

(1) * * *

* * * * * * *

(5) to a nonprofit educational organization for its exclusive use, but only if such exportation or use is to occur before any other use.

Paragraphs (4) and (5) shall not apply to the tax imposed by section 4064. In the case of taxes imposed by section 4051 or 4071, paragraphs (4) and (5) shall not apply on and after October 1, [1995] *1999.* In the case of the tax imposed by section 4131, paragraphs (3), (4), and (5) shall not apply and paragraph (2) shall apply only if the use of the exported vaccine meets such requirements as the Secretary may by regulations prescribe. In the case of taxes imposed by subchapter A of chapter 31, paragraphs (1), (3), (4), and (5) shall not apply.

* * * * * * *

CHAPTER 36—CERTAIN OTHER EXCISE TAXES

* * * * * * *

Subchapter D—Tax on Use of Certain Vehicles

* * * * * * *

SEC. 4481. IMPOSITION OF TAX.

(a) * * *

* * * * * * *

(e) PERIOD TAX IN EFFECT.—The tax imposed by this section shall apply only to use before October 1, [1995] *1999.*

SEC. 4482. DEFINITIONS.

(a) * * *

* * * * * * *

(c) OTHER DEFINITIONS AND SPECIAL RULE.—For purposes of this subchapter—

(1) * * *

* * * * * * *

(4) TAXABLE PERIOD.—The term "taxable period" means any year beginning before July 1, [1995] *1999*, and the period which begins on July 1, 1995, and ends at the close of September 30, [1995] *1999*.

* * * * * * *

(d) SPECIAL RULE FOR TAXABLE PERIOD IN WHICH TERMINATION DATE OCCURS.—In the case of the taxable period which ends on September 30, [1995] *1999*, the amount of the tax imposed by section 4481 with respect to any highway motor vehicle shall be determined by reducing each dollar amount in the table contained in section 4481(a) by 75 percent.

SEC. 4483. EXEMPTIONS.

(a) * * *

* * * * * * *

(g) TERMINATION OF EXEMPTIONS.—Subsections (a) and (c) shall not apply on and after October 1, [1995] *1999*.

* * * * * * *

Subtitle F—Procedure and Administration

* * * * * * *

CHAPTER 62—TIME AND PLACE FOR PAYING TAX

* * * * * * *

Subchapter A—Place and Due Date for Payment of Tax

* * * * * * *

SEC. 6156. INSTALLMENT PAYMENTS OF TAX ON USE OF HIGHWAY MOTOR VEHICLES.

(a) * * *

* * * * * * *

(e) SECTION INAPPLICABLE TO CERTAIN LIABILITIES.—This section shall not apply to any liability for tax incurred in—

(1) April, May, or June of any year, or

(2) July, August, or September of [1995] *1999*.

* * * * * * *

CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

* * * * * * *

Subchapter B—Rules of Special Application

* * * * * * *

SEC. 6412. FLOOR STOCKS REFUNDS.

(a) IN GENERAL.—

(1) TIRES AND GASOLINE.—Where before October 1, [1995] *1999*, any article subject to the tax imposed by section 4071 or 4081 has been sold by the manufacturer, producer, or importer and on such date is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer on his sale of the article and the amount of tax made applicable to such article on and after October 1, [1995] *1999*, if claim for such credit or refund is filed with the Secretary on or before March 31, [1996] *2000*, based upon a request submitted to the manufacturer, producer, or importer before January 1, [1996] *2000*, by the dealer who held the article in respect of which the credit or refund is claimed, and, on or before March 31, [1996] *2000*, reimbursement has been made to such dealer by such manufacturer, producer, or importer for the tax reduction on such article or written consent has been obtained from such dealer to allowance of such credit or refund. No credit or refund shall be allowable under this paragraph with respect to gasoline in retail stocks held at the place where intended to be sold at retail, nor with respect to gasoline held for sale by a producer or importer of gasoline.

* * * * * * *

SEC. 6420. GASOLINE USED ON FARMS.

(a) * * *

* * * * * * *

(h) TERMINATION.—Except with respect to taxes imposed by section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate, this section shall apply only with respect to gasoline purchased before October 1, [1995] *1999*.

* * * * * * *

SEC. 6421. GASOLINE USED FOR CERTAIN NONHIGHWAY PURPOSES, USED BY LOCAL TRANSIT SYSTEMS, OR SOLD FOR CERTAIN EXEMPT PURPOSES.

(a) * * *

* * * * * * *

(i) EFFECTIVE DATE.—Except with respect to taxes imposed by section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate, this section shall apply only with respect to gasoline purchased before October 1, [1995] *1999*.

* * * * * * *

SEC. 6427. FUELS NOT USED FOR TAXABLE PURPOSES.

(a) * * *

* * * * * * *

(g) ADVANCE REPAYMENT OF INCREASED DIESEL FUEL TAX TO ORIGINAL PURCHASES OF DIESEL-POWERED AUTOMOBILES AND LIGHT TRUCKS.—

(1) * * *

* * * * * * *

(5) VEHICLES TO WHICH SUBSECTION APPLIES.—Except as provided in paragraph (6), this subsection shall only apply to qualified diesel-powered highway vehicles originally purchased after January 1, 1985, and before January 1, [1995] *1999*.

* * * * * * *

(o) TERMINATION OF CERTAIN PROVISIONS.—Except with respect to taxes imposed by section 4041(d) and sections 4081 and 4091 at the Leaking Underground Storage Tank Trust Fund financing rate, subsections (a), (b), (c), (d), (g), (h), and (l) shall only apply with respect to fuels purchased before October 1, [1995] *1999*.

Subtitle I—Trust Fund Code

* * * * * * *

CHAPTER 98—TRUST FUND CODE

* * * * * * *

Subchapter A—Establishment of Trust Funds

* * * * * * *

Sec. 9503. HIGHWAY TRUST FUND.

(a) * * *

(b) TRANSFER TO HIGHWAY TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—

(1) IN GENERAL.—There are hereby appropriated to the Highway Trust Fund amounts equivalent to the taxes received in the Treasury before October 1, [1995] *1999*, under the following provisions—

(A) * * *

* * * * * * *

(2) LIABILITIES INCURRED BEFORE OCTOBER 1, [1995] *1999*.—There are hereby appropriated to the Highway Trust Fund amounts equivalent to the taxes which are received in the Treasury after September 30, [1995] *1999*, and before July 1, [1996] *2000*, and which are attributable to liability for tax incurred before October 1, [1995] *1999*, under the provision described in paragraph (1).

* * * * * * *

(c) EXPENDITURES FROM HIGHWAY TRUST FUND.—

(1) FEDERAL-AID HIGHWAY PROGRAM.—Except as provided in subsection (e), amounts in the Highway Trust Fund shall be available, as provided by appropriation Acts, for making expenditures before October 1, [1993] *1997*, to meet those obligations of the United States heretofore or hereafter incurred which are—

(A) * * *

* * * * * * *

[(D) hereafter authorized by a law which does not authorize the expenditure out of the Highway Trust Fund of any amount for a general purpose not covered by subparagraph (A), (B), or (C) as in effect on the date of the enactment of the Surface Transportation and Uniform Relocation Assistance Act of 1987.]

(D) authorized to be paid out of the Highway Trust Fund under the Intermodal Surface Transportation Infrastructure Act of 1991.

In determining the authorizations under the Acts referred to in the preceding subparagraphs, such Acts shall be applied as in effect on the date of the enactment of the Intermodal Surface Transportation Infrastructure Act of 1991.

(2) TRANSFERS FROM HIGHWAY TRUST FUND FOR CERTAIN REPAYMENTS AND CREDITS.—

(A) IN GENERAL.—The Secretary shall pay from time to time from the Highway Trust Fund into the general fund of the Treasury amounts equivalent to—

(i) the amounts paid before July 1, [1996] *2000*, under—

(I) * * *

* * * * * * *

(IV) section 6427 (relating to fuels not used for taxable purposes), on the basis of claims filed for periods ending before October 1, [1995] *1999*, and

(ii) the credits allowed under section 34 (relating to credit for certain uses of gasoline, special fuels, and lubricating oil) with respect to gasoline, special fuels, and lubricating oil used before October 1, [1995] *1999* (or with respect to qualified diesel-powered highway vehicles purchased before January 1, [1995] *1999*)

The amounts payable from the Highway Trust Fund under this subparagraph or paragraph (3) shall be determined by taking into account only the Highway Trust Fund financing rate applicable to any fuel.

* * * * * * *

(3) 1988 FLOOR STOCKS REFUNDS.—The Secretary shall pay from time to time from the Highway Trust Fund into the general fund of the Treasury amounts equivalent to the floor stocks refunds made before July 1, [1996] *2000*, under section 6412(a).

(4) TRANSFERS FROM THE TRUST FUND FOR MOTORBOAT FUEL TAXES.—

(A) TRANSFERS TO BOAT SAFETY ACCOUNT.—

(i) IN GENERAL.—The Secretary shall pay from time to time from the Highway Trust Fund into the Boat Safety Account in the Aquatic Resources Trust Fund amounts (as determined by him) equivalent to the

motor boat fuel taxes received on or after October 1, 1980, and before October 1, [1995] *1997*.

* * * * * * *

(5) TRANSFERS FROM THE TRUST FUND FOR SMALL-ENGINE FUEL TAXES.—

(A) IN GENERAL.—The Secretary shall pay from time to time from the Highway Trust Fund into the Sport Fish Restoration Account in the Aquatic Resources Trust Fund amounts (as determined by him) equivalent to the small-engine fuel taxes received on or after December 1, 1990, and before October 1, [1995] *1997*.

* * * * * * *

(e) ESTABLISHMENT OF MASS TRANSIT ACCOUNT.—

(1) * * *

* * * * * * *

(3) EXPENDITURES FROM ACCOUNT.—Amounts in the Mass Transit Account shall be available, as provided by appropriation Acts, for making capital *or capital-related* expenditures before October 1, [1993] *1997* (including capital expenditures for new projects) in accordance with [section 21(a)(2)] *subsection (a)(2), (b), (c), (g)(2), (h), or (j)(1) of section 21* of the Urban Mass Transportation Act of 1964 *or in accordance with the Intermodal Surface Transportation Infrastructure Act of 1991 (as such Acts are in effect on the date of the enactment of the Intermodal Surface Transportation Infrastructure Act of 1991).*

SEC. 9504. AQUATIC RESOURCES TRUST FUND.

(a) * * *

* * * * * * *

(c) EXPENDITURES FROM BOAT SAFETY ACCOUNT.—Amounts in the Boat Safety Account shall be available, as provided by appropriation Acts, for making expenditures before April [1994] *1998*, to carry out the purposes of section 13106 of title 46, United States Code (as in effect on October 1, 1988).

* * * * * * *

SECTION 201 OF THE LAND AND WATER CONSERVATION FUND ACT OF 1965

TRANSFERS TO AND FROM LAND AND WATER CONSERVATION FUND

SEC. 201. (a) * * *

(b) There shall be paid from time to time from the land and water conservation fund into the general fund of the Treasury amounts estimated by the Secretary of the Treasury as equivalent to—

(1) the amounts paid before October 1, [1996] *1998*, under section 6421 of the Internal Revenue Code of 1954 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes or by local transit systems) with respect to gasoline used after December 31, 1964, in motorboats, on the basis

of claims filed for periods ending before October 1, [1995] *1997*; and

(2) 80 percent of the floor stocks refunds made before October 1, [1996] *1998*, under section 6412(a)(2) of such Code with respect to gasoline to be used in motorboats.

VII. DISSENTING VIEWS OF MR. ARCHER, MR. CRANE, AND MR. GRADISON

We oppose the amendment proposed by the Committee on Ways and Means to H.R. 2950, the Intermodal Surface Transportation Infrastructure Act of 1991.

The amendment extends half of last year's gasoline tax increase for four years beyond its intended life. It ignores the budget accord negotiated only a year ago in order to provide financing for a highway and mass transportation reauthorization bill which is flawed and whose funding levels are excessive.

We acknowledge that many of our colleagues will view this new Committee amendment as an improvement over what the Committee endorsed in July. It no longer contains the five cent per gallon tax increase in the earlier amendment variously referred to as a "Nickel for America" by some and "Highway Robbery" by others. Nor does the proposal call for an extension of the deficit reduction portion of last year's tax increase beyond its current expiration date.

In spite of those improvements, the proposal remains flawed. The revised program paves a pathway to demands for still greater tax increases in the future as projects begun during this bill's duration near completion. In fact, the Department of Transportation has already estimated that an additional two cent per gallon tax increase will be required after 1997 to maintain in real terms the program proposed in H.R. 2950.

By "back-end loading" the cost of major projects and stretching out the funding of the bill overall from five years to six years, costs are merely shifted to future years.

For example, we are told that individual demonstration projects which are estimated to have a cost of $3.7 billion during the bill's duration could have a cost to completion as high as $23 billion. Additionally, the $1.1 billion in startup costs for the priority corridor projects could swell to as much as $50 billion in total cost to completion.

One of our most serious objections relates to the directed scorekeeping provision in the Public Works Committee's amendment. It is a direct assault on the budget agreement adopted just a year ago. Under that agreement, the Office of Management and Budget is the final arbiter in determining whether a bill complies with the provisions of the budget law. Yet, in order to assure the desired accounting of cost, the Public Works amendment dictates the cost estimate which OMB must use for sequester scorekeeping. Adoption of this directed scorekeeping chicanery would render budget enforcement impotent.

We believe that a viable and effective highway and mass transportation program can be achieved which does not rely upon any additional gasoline tax increases or budget scorekeeping gimmicks.

The Administration's plan proposes a 39 percent increase in highway funding over five years and permits gasoline excise taxes to fall to 9 cents per gallon after FY95—as last year's budget agreement intended for them to do.

The spotted history of this legislation and the continued lack of public scrutiny which surrounds many of its individual provisions should cause Members to think carefully before casting their vote for a new tax which represents just a downpayment on the bill that will eventually come due.

APPENDIX: STATUTORY LANGUAGE OF COMMITTEE AMENDMENT

TITLE VII—EXTENSION OF HIGH-WAY-RELATED TAXES AND TRUST FUND.

SEC. 701. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This title may be cited as the "Surface Transportation Revenue Act of 1991".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 702. EXTENSION OF HIGHWAY-RELATED TAXES AND TRUST FUND.

(a) EXTENSION OF TAXES.—The following provisions are each amended by striking "1995" each place it appears and inserting "1999":

(1) Section 4051(c) (relating to tax on heavy trucks and trailers sold at retail).

(2) Section 4071(d) (relating to tax on tires and tread rubber).

(3) Section 4081(d)(1) (relating to Highway Trust Fund financing rate on gasoline).

(4) Section 4091(b)(6)(A) (relating to Highway Trust Fund financing rate on diesel fuel).

(5) Sections 4481(e), 4482(c)(4), and 4482(d) (relating to highway use tax).

(b) EXTENSION OF EXEMPTIONS.—The following provisions are each amended by striking "1995" each place it appears and inserting "1999":

(1) Section 4041(f)(3) (relating to exemptions for farm use).

(2) Section 4041(g) (relating to other exemptions).

(3) Section 4221(a) (relating to certain tax-free sales).

(4) Section 4483(g) (relating to termination of exemptions for highway use tax).

(5) Section 6420(h) (relating to gasoline used on farms).

(6) Section 6421(i) (relating to gasoline used for certain nonhighway purposes, etc.).

(7) Section 6427(g)(5) (relating to advance repayment of increased diesel fuel tax).

(8) Section 6427(o) (relating to fuels not used for taxable purposes).

(c) OTHER PROVISIONS.—

(1) FLOOR STOCKS REFUNDS.—Section 6412(a)(1) (relating to floor stocks refunds) is amended—

(A) by striking "1995" each place it appears and inserting "1999", and

(B) by striking "1996" each place it appears and inserting "2000".

(2) INSTALLMENT PAYMENTS OF HIGHWAY USE TAX.—Section 6156(e)(2) (relating to installment payments of tax on use of highway motor vehicles) is amended by striking "1995" and inserting "1999".

(d) EXTENSION OF DEPOSITS INTO, AND CERTAIN TRANSFERS FROM, TRUST FUND.—

(1) IN GENERAL.—Subsection (b), and paragraphs (2) and (3) of subsection (c), of section 9503 (relating to the Highway Trust Fund) are each amended—

(A) by striking "1995" each place it appears and inserting "1999", and

(B) by striking "1996" each place it appears and inserting "2000".

(2) MOTORBOAT AND SMALL-ENGINE FUEL TAX TRANSFERS.—

(A) IN GENERAL.—Paragraphs (4)(A)(i) and (5)(A) of section 9503(c) are each amended by striking "1995" and inserting "1997".

(B) CONFORMING AMENDMENTS TO LAND AND WATER CONSERVATION FUND.—Section 201(b) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-11) is amended—

(i) by striking "1995" and inserting "1997", and

(ii) by striking "1996" each place it appears and inserting "1998".

(C) EXTENSION OF EXPENDITURES FROM BOAT SAFETY ACCOUNT.—Subsection (c) of section 9504 is amended by striking "1994" and inserting "1998".

(e) EXTENSION AND EXPANSION OF EXPENDITURES FROM TRUST FUND.—

(1) EXPENDITURES.—Subsecitons (c)(1) and (e)(3) of section 9503 are each amended by striking "1993" and inserting "1997".

(2) PURPOSES.—Paragraph (1) of section 9503(c) is amended by striking subparagraph (D) and inserting the following:

"(D) authorized to be paid out of the Highway Trust Fund under the Intermodal Surface Transportation Infrastructure Act of 1991.

In determining the authorizations under the Acts referred to in the preceding subparagraphs, such Acts shall be applied as in effect on the date of the enactment of the Intermodal Surface Transportation Infrastructure Act of 1991."

(f) EXPANSION OF MASS TRANSIT ACCOUNT EXPENDITURE PURPOSES.—Paragraph (3) of section 9503(e) is amended—

(1) by inserting "or capital-related" after "capital" the first place it appears,

(2) by striking "section 21(a)(2)" and inserting "subsection (a)(2), (b), (c), (g)(2), (h), or (j)(1) of section 21", and

(3) by inserting before the period "or in accordance with the Intermodal Surface Transportation Infrastructure Act of 1991 (as such Acts are in effect on the date of the enactment of the

Intermodal Surface Transportation Infrastructure Act of 1991)".

(g) USE OF REVENUES FOR ENFORCEMENT OF HIGHWAY TRUST FUND TAXES.—The Secretary of Transportation shall not impose any condition on the use of funds transferred under section 144 of this Act to the Internal Revenue Service. The Secretary of the Treasury shall, at least 60 days before the beginning of each fiscal year (after fiscal year 1992) for which such funds are to be transferred, submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate detailing the increased enforcement activities to be financed with such funds with respect to taxes referred to in section 9503(b)(1) of the Internal Revenue Code of 1986.

(h) TAX EVASION REPORT.—The Secretary of Transportation shall also submit each report prepared pursuant to section 144(f) of this Act to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than the applicable date specified therein.

SEC. 703. BUDGET COMPLIANCE.

(a) IN GENERAL.—If obligations provided for programs pursuant to this Act for fiscal year 1992 will cause—

(1) the total outlays in any of the fiscal years 1992 through 1995 which result from this Act, to exceed

(2) the total outlays for such programs in any such fiscal year which result from appropriation Acts for fiscal year 1992 and are attributable to obligations for fiscal year 1992,

then the Secretary of Transportation shall reduce proportionately the obligations provided for each program pursuant to this Act for fiscal year 1992 to the extent required to avoid such excess outlays.

(b) COORDINATION WITH OTHER PROVISIONS.—The provisions of this section shall apply, notwithstanding any provision of this Act to the contrary.

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